

PROPERTY TAX SET-OFFS

THE USE OF LOCAL PROPERTY TAX DIFFERENTIALS AND TAX REBATES IN MARYLAND FISCAL 2025



DEPARTMENT OF LEGISLATIVE SERVICES 2025

**Property Tax Set-offs:
The Use of Local Property Tax Differentials
And Tax Rebates in Maryland
Fiscal 2025**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

December 2025

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF POLICY ANALYSIS
MARYLAND GENERAL ASSEMBLY

December 2025

The Honorable Bill Ferguson, President of the Senate
The Honorable Joseline A. Peña-Melnyk, Speaker of the House of Delegates
Members of the General Assembly

Dear President Ferguson, Speaker Peña-Melnyk, and Members:

At the local level, counties and municipalities share in the delivery of public services. To cover the costs of these services, residents of municipalities pay property taxes to both the county and municipal government. To compensate municipalities for services provided in lieu of similar county services, many counties in Maryland have established a tax set-off system by providing either a tax differential or tax rebate to the municipality. A tax differential is a lower county property tax rate within the municipality. A tax rebate is a direct county payment to the municipality; however, the county property tax rate within the municipality remains the same.

Tax set-off systems continue to be of interest to State and local government officials. The Department of Legislative Services conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2025. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Davin Brownell and Michael Sousane of the Office of Policy Analysis and reviewed by Michael Sanelli and Arnold Adja.

We trust that the study will be useful to you and to other persons interested in matters relating to tax set-off systems.

Sincerely,

Victoria L. Gruber
Executive Director

VLG:RB/HLB/db

Ryan Bishop
Director

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Property Tax Set-offs: The Use of Local Property Tax Differentials And Tax Rebates in Maryland Fiscal 2025

Introduction

Property tax set-offs are meant to compensate for double taxation of municipal taxpayers occurring when both municipal and county property taxes are levied to fund similar services. Therefore, counties compensate municipal taxpayers with property tax set-offs through a tax rate differential or through a tax rebate. A tax rate differential results in a lower county property tax rate within the boundaries of a municipality, whereas a tax rebate is a direct payment to a municipality for providing the services or programs.

Background

Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland mandates that Allegany, Anne Arundel, Baltimore, Garrett, Harford, Howard, Montgomery, and Prince George's counties meet annually with the governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it is demonstrated that a municipality performs services or programs in lieu of similar county services and programs, the governing body of the county **must impose** the county property tax on assessments of property in the municipality at a rate that is less than the general county property tax rate. Section 6-305.1 requires Frederick County to meet annually with the governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it can be demonstrated that a municipality performs services or programs in lieu of similar county services and programs, Frederick County must grant a tax set-off to the municipality in accordance with a formula agreed to by the county and the municipality. If Frederick County and a municipality fail to reach an agreement concerning the formula by which a tax set-off is to be calculated, Frederick County must grant a tax set-off using the formula for the preceding taxable year.

Section 6-306 governs the procedure for the setting of a tax differential in the other counties. The governing bodies of the counties are required to meet annually with governing bodies of municipalities to discuss the property tax rate to be set for assessments of property in the municipality. If it is demonstrated that the municipality performs services or programs in lieu of similar county services, the county **may establish** a county property tax rate for property in the municipality that is lower than the general county property tax rate.

Alternatively, both of the above sections provide the counties with the option of making a payment to the municipality to aid the municipality in funding municipal services or programs that are similar to county services or programs. This is commonly known as a tax rebate.

Subsections (d) and (e) of Sections 6-305 and 6-306 of the Tax-Property Article define the procedures for determining the county property tax rate within a municipality. The provisions follow:

- (d) *Setting county rate for municipality.* In determining the county property tax rate to be set for assessments of property in a municipality, the governing body of the county shall consider:
 - (1) the services and programs that are performed by the municipality instead of similar county services and programs; and
 - (2) the extent that the similar services and programs are funded by property tax revenues.
- (e) *Rate need not be uniform.* The county property tax rate for assessments of property located in a municipality is not required to be:
 - (1) the same as the rate for property located in other municipalities in the county; or
 - (2) the same as the rate set in a prior year.

A county and one or more municipalities may enter into an agreement setting different terms or timing for negotiations, calculations, or approval of a tax set-off than are set out under Sections 6-305 and 6-306.

Scope

This report identifies the real property tax differentials and tax rebates made by the governing bodies of the counties during fiscal 2025. Information was obtained from a survey of the counties and the State Department of Assessments and Taxation (SDAT). Specifically, assessable base information and tax rate differentials were obtained by using data from SDAT. The tax rate differentials are calculated per \$100 of assessed property value.

The following payments are excluded from amounts reported as tax rebates:

- mandatory State pass-through from counties to municipalities, such as supplemental police aid and distributions from the State Fire, Rescue, and Ambulance Fund;

- county sales and services taxes, license fees, and alcoholic beverage dispensary profits required by State law to be shared with municipalities; and
- funds to which a municipality has a claim, such as Program Open Space.

Explanation of Exhibits and Appendix

- **Exhibit 1** summarizes the findings of the tax set-off study for fiscal 2025.
- **Exhibit 2** compares tax set-offs authorized in fiscal 2025 to those in fiscal 2024.
- **Exhibit 3** compares a county's tax set-off amount in fiscal 2025 with the amount provided in fiscal 2020.
- **Appendix 1** provides a listing of the tax differential and rebate amounts for each municipality in fiscal 2025 on a per capita basis.

Summary of Findings

Property tax-set offs for municipalities were granted in 18 counties in fiscal 2025. Of the six remaining jurisdictions, Baltimore City and Baltimore and Howard counties have no municipalities, while Kent, Wicomico, and Worcester counties chose not to establish tax set-offs. In fiscal 2025, tax differentials and rebates totaled \$142.7 million, a 6.7% increase compared to the prior year. Property tax set-off amounts were higher in 15 counties and lower in 1 county. Local funding for tax differentials and rebates in fiscal 2025 ranged from \$72,795 in St. Mary's County to \$35.0 million in Prince George's County. On a per capita basis, local funding ranged from less than \$1 in St. Mary's County to \$108 in Talbot County with the statewide average at \$32, excluding those counties with no municipalities.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Talbot, and Washington) provided tax rate differentials totaling \$49.2 million for the municipalities in their jurisdictions. Five counties (Carroll, Cecil, Montgomery, St. Mary's, and Somerset) returned to the municipalities rebates totaling \$26.7 million. Six counties (Dorchester, Frederick, Garrett, Harford, Prince George's, and Queen Anne's) provided both tax differentials and rebates to their municipalities totaling \$66.8 million.

Prince George's County provided both tax rebates and tax rate differentials to all of its municipalities, totaling \$35.0 million, as did Harford County, totaling \$11.6 million. Frederick County provided tax rate differentials to Frederick and Myersville totaling \$12.1 million and provided 10 other municipalities with \$5.6 million in tax rebates. Dorchester County provided

tax differentials to Cambridge and Hurlock totaling \$899,054 and provided tax rebates to seven other municipalities totaling \$6,050. Garrett County had a tax rate differential totaling \$75,258 for Mountain Lake Park and provided \$297,000 in rebates to seven other municipalities. Queen Anne's County provided tax rate differentials to Centreville and Millington totaling \$880,564 and provided six other municipalities with \$305,884 in tax rebates.

The City of Annapolis (Anne Arundel County) received the largest tax set-off amount in fiscal 2025. The county real property tax rate within the city was reduced by \$0.396 per \$100 of assessed value resulting in a property tax revenue offset of \$29.3 million in fiscal 2025, or \$721 per city resident. The City of Frederick (Frederick County) received the next largest tax set-off amount with a property tax differential amount of \$11.9 million. The City of Bowie (Prince George's County) received a property tax set-off amount of \$11.2 million, the third highest amount.

For slightly more than half of municipalities in Maryland, the per capita tax differential or rebate amount is under \$77 per municipal resident. In 25 municipalities, the county government did not grant either a tax differential or tax rebate. In 12 municipalities, the tax differential or rebate amount exceeded \$200 per municipal resident.

Exhibit 1
Tax Differentials and Tax Rebates
Fiscal 2025

County	Tax Differential	Tax Rebate	Total
Allegany	\$2,085,178	\$0	\$2,085,178
Anne Arundel	29,358,134	0	29,358,134
Baltimore City	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a
Calvert	4,423,346	0	4,423,346
Caroline	591,170	0	591,170
Carroll	0	3,008,273	3,008,273
Cecil	0	1,034,409	1,034,409
Charles	2,631,188	0	2,631,188
Dorchester	899,054	6,050	905,104
Frederick	12,130,774	5,570,099	17,700,873
Garrett	75,258	297,000	372,258
Harford	7,357,920	4,220,079	11,577,999
Howard	n/a	n/a	n/a
Kent	0	0	0
Montgomery	0	21,754,799	21,754,799
Prince George's	34,365,196	648,706	35,013,902
Queen Anne's	880,564	305,884	1,186,448
St. Mary's	0	72,795	72,795
Somerset	0	844,976	844,976
Talbot	4,130,670	0	4,130,670
Washington	6,002,822	0	6,002,822
Wicomico	0	0	0
Worcester	0	0	0
Total	\$104,931,274	\$37,763,070	\$142,694,344

n/a: Indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 2
Changes in Tax Differentials and Tax Rebates
Fiscal 2024 and 2025

County	2024	2025	Difference	% Difference
Allegany	\$2,124,007	\$2,085,178	-\$38,829	-1.8%
Anne Arundel	27,736,750	29,358,134	1,621,384	5.8%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	4,189,240	4,423,346	234,106	5.6%
Caroline	548,987	591,170	42,183	7.7%
Carroll	2,924,365	3,008,273	83,908	2.9%
Cecil	984,731	1,034,409	49,678	5.0%
Charles	2,357,633	2,631,188	273,555	11.6%
Dorchester	824,799	905,104	80,305	9.7%
Frederick	16,381,045	17,700,873	1,319,828	8.1%
Garrett	365,309	372,258	6,949	1.9%
Harford	10,674,216	11,577,999	903,783	8.5%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	18,937,554	21,754,799	2,817,245	14.9%
Prince George's	34,312,668	35,013,902	701,234	2.0%
Queen Anne's	1,135,169	1,186,448	51,279	4.5%
St. Mary's	72,788	72,795	7	0.0%
Somerset	844,976	844,976	0	0.0%
Talbot	3,962,179	4,130,670	168,491	4.3%
Washington	5,308,510	6,002,822	694,312	13.1%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$133,684,926	\$142,694,344	\$9,009,418	6.7%

n/a: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Exhibit 3
Changes in Tax Differentials and Tax Rebates
Over a Five-year Period

County	FY 2020	FY 2025	Difference	% Difference
Allegany	\$1,973,569	\$2,085,178	\$111,609	5.7%
Anne Arundel	23,256,100	29,358,134	6,102,034	26.2%
Baltimore City	n/a	n/a	n/a	n/a
Baltimore	n/a	n/a	n/a	n/a
Calvert	3,510,287	4,423,346	913,059	26.0%
Caroline	459,765	591,170	131,405	28.6%
Carroll	2,756,200	3,008,273	252,073	9.1%
Cecil	754,786	1,034,409	279,623	37.0%
Charles	1,814,430	2,631,188	816,758	45.0%
Dorchester	648,792	905,104	256,312	39.5%
Frederick	14,675,664	17,700,873	3,025,209	20.6%
Garrett	367,171	372,258	5,087	1.4%
Harford	10,145,002	11,577,999	1,432,997	14.1%
Howard	n/a	n/a	n/a	n/a
Kent	0	0	0	0.0%
Montgomery	8,168,433	21,754,799	13,586,366	166.3%
Prince George's	31,486,944	35,013,902	3,526,958	11.2%
Queen Anne's	934,799	1,186,448	251,649	26.9%
St. Mary's	43,487	72,795	29,308	67.4%
Somerset	393,200	844,976	451,776	114.9%
Talbot	3,537,460	4,130,670	593,210	16.8%
Washington	4,432,619	6,002,822	1,570,203	35.4%
Wicomico	0	0	0	0.0%
Worcester	0	0	0	0.0%
Total	\$109,358,708	\$142,694,344	\$33,335,636	30.5%

n/a: Indicates that the jurisdiction has no municipalities.

Source: Department of Legislative Services

Tax Differentials/Tax Rebates by County

Allegany County

During fiscal 2025, Allegany County provided a tax rate differential to all of its seven municipalities for performing governmental services in areas including planning and zoning, police protection, public works, highway construction and maintenance, solid waste disposal, and emergency medical services. The rates are determined by calculating the net property tax support of each area of service and dividing it by the amount of revenue generated by \$1 of property tax levy. The estimated value of the tax differentials in fiscal 2025 is approximately \$2.1 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0632	\$9,327
Cumberland	0.1502	1,541,752
Frostburg	0.1069	443,295
Lonaconing	0.0941	31,768
Luke	0.0963	9,661
Midland	0.0632	9,297
Westernport	0.0632	40,078
Total		\$2,085,178

Anne Arundel County

Anne Arundel County set a real property tax rate differential of \$0.396 for the City of Annapolis in fiscal 2025 for providing a variety of services that the county performs outside the city limits, including police protection, fire, public works, planning and zoning, and parks and recreation. The estimated value of the tax differential in fiscal 2025 is \$29.3 million. In calculating the tax rate differential, several steps were involved. First, county spending was allocated into countywide (*e.g.*, education) and noncity (*e.g.*, police) categories. Second, all county revenues, except property taxes, are allocated to offset the cost of either countywide or noncity services. Third, costs that are offset are used to calculate countywide and noncity property tax rates. Finally, this noncity property tax rate serves as the Annapolis tax rate differential. Highland Beach, the other incorporated municipality in Anne Arundel County, received a real property tax rate differential of \$0.03, which equals \$10,947 in reduced county revenues. The tax differential takes into consideration that the municipality provides public works and planning and zoning services.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Annapolis	\$0.3960	\$29,347,187
Highland Beach	0.0300	10,947
Total		\$29,358,134

Baltimore County

There are no incorporated municipalities solely within Baltimore County; however, a small part of Hampstead is located in the county.

Calvert County

Calvert County provided a tax rate differential for its two municipalities for public safety, public works, parks and recreation, and economic development. In fiscal 2025, these tax differentials totaled approximately \$4.4 million. The county periodically assesses the reasonableness of the differential by calculating the net cost to the municipalities of providing duplicative public services and what the net cost to the county would be to provide the same services for the municipality. These costs are used with property assessment data to calculate a range within which the tax rate differential should fall. If the differential falls within the range, the county advises that the differentials remain unchanged.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Chesapeake Beach	\$0.3360	\$3,358,436
North Beach	0.3360	1,064,910
Total		\$4,423,346

Caroline County

Caroline County provides tax rate differentials to municipalities with police protection. Historically, the differential rate is based on a formula of county police coverage. However, county commissioners have held differential tax rates constant over the last five years. In fiscal 2025, Caroline County provided tax differentials totaling approximately \$0.5 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Denton	\$0.06	\$284,955
Federalsburg	0.08	147,921
Goldsboro	0.00	0
Greensboro	0.06	79,447
Henderson	0.00	0
Hillsboro	0.00	0
Marydel	0.00	0
Preston	0.01	7,793
Ridgely	0.05	71,054
Templeville	0.00	0
Total		\$591,170

Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$3.0 million in fiscal 2025 in accordance with a longstanding agreement between the county and the municipalities. Funding is allocated to each municipality based in part on assessable base, inflation, and population. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Rebate Amount</u>
Hampstead	\$340,247
Manchester	325,227
Mount Airy	193,994
New Windsor	82,660
Sykesville	239,257
Taneytown	517,518
Union Bridge	71,399
Westminster	1,237,971
Total	\$3,008,273

Cecil County

Cecil County returned to its eight municipalities a general rebate equivalent to \$0.028 per \$100 of assessed property values for police protection and street lighting. In addition, the county made rebate payments to its municipalities totaling \$51,652 to offset the cost of refuse and garbage collection. The trash rebate is based on the average tons per capita of refuse deposited in the county landfill (\$3.00 per ton \times 0.75 tons per capita \times population). The total rebate amount that municipalities in Cecil County received in fiscal 2025 was \$1.0 million. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Rebate Amount</u>
Cecilton	\$15,579	\$1,067	\$16,646
Charlestown	61,321	2,293	63,614
Chesapeake City	27,271	1,771	29,042
Elkton	399,326	26,759	426,085
North East	159,766	6,149	165,915
Perryville	197,362	8,262	205,624
Port Deposit	56,106	1,521	57,627
Rising Sun	66,026	3,830	69,856
Total	\$982,757	\$51,652	\$1,034,409

Charles County

Charles County provided a real property tax rate differential to La Plata and Indian Head in fiscal 2025 totaling \$2.6 million for performing government services in the areas of planning and growth management, police services, parks, and public works. The rate is determined by calculating the expenditures funded by property taxes for parallel services provided by the municipality and dividing this amount by the municipality's assessable base. During the fiscal 2025 budget process, the county board of commissioners voted to maintain the fiscal 2022 approved tax differential rates for both the town of Indian Head and La Plata. The Town of Port Tobacco received neither a tax differential nor a tax rebate as the town did not perform any services in lieu of those performed by the county.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Indian Head	\$0.0390	\$159,794
La Plata	0.1420	2,471,394
Port Tobacco	0.0000	0
Total		\$2,631,188

Dorchester County

In fiscal 2025, two of Dorchester County's nine municipalities, Cambridge and Hurlock, received tax rate differentials totaling \$0.9 million, and all other municipalities received tax rebates totaling \$6,050. The tax differentials are provided to compensate the municipalities for providing duplicative services, including police and planning and zoning. The tax rate differentials were calculated by multiplying the net cost to the county of providing the services by the percentage of those costs funded by real property taxes and the percentage of the county's assessable property base located in each municipality. The tax rebate levels are based on historical funding levels established by the county government.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Brookview	\$0.0000	\$0	\$450	\$450
Cambridge	0.0733	780,661	0	780,661
Church Creek	0.0000	0	425	425
East New Market	0.0000	0	1,350	1,350
Eldorado	0.0000	0	425	425
Galestown	0.0000	0	700	700
Hurlock	0.0821	118,393	0	118,393
Secretary	0.0000	0	1,350	1,350
Vienna	0.0000	0	1,350	1,350
Total		\$899,054	\$6,050	\$905,104

Frederick County

Frederick County provided a real property tax rate differential to Frederick and Myersville totaling \$12.1 million in fiscal 2025. Frederick County provided tax rebates totaling \$5.6 million in fiscal 2025 to the other 10 municipalities for highways, police protection, planning and zoning, and parks and recreation. The tax rebates were determined by calculating a certain factor (called a CAP factor), which is based on the municipalities' total taxable income, assessable base, and population compared to the county's total taxable income, assessable base, and population. The net expenditures for each of the duplicative services were then calculated. For police protection and planning and zoning, the net expenditures for duplicative services were used to calculate the cost of these services per capita for the municipality; however, for highways, cost per mile was used, and for parks and recreation, cost per acre of parkland was used. The county then compared the per capita (or per mile or acre) calculation to the net cost of the service multiplied by the CAP factor. The lesser of the two calculations was the total amount to be distributed among the municipalities, based on each municipality's population. The tax rate differentials are calculated in a similar manner. The total tax set-off amounts in fiscal 2025 were as follows:

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Brunswick	\$0.0000	\$0	\$1,335,113	\$1,335,113
Burkittsville	0.0000	0	28,708	28,708
Emmitsburg	0.0000	0	426,542	426,542
Frederick	0.1023	11,923,046	0	11,923,046
Middletown	0.0000	0	789,316	789,316
Mount Airy	0.0000	0	629,486	629,486
Myersville	0.0902	207,728	0	207,728
New Market	0.0000	0	158,437	158,437
Rosemont	0.0000	0	23,092	23,092
Thurmont	0.0000	0	997,824	997,824
Walkersville	0.0000	0	1,028,296	1,028,296
Woodsboro	0.0000	0	153,285	153,285
Total		\$12,130,774	\$5,570,099	\$17,700,873

Garrett County

In fiscal 2025, Garrett County provided a tax rate differential to Mountain Lake Park. The tax differential was granted for highway and street expenditures by the municipality. The real property tax rate differential for Mountain Lake Park is equal to the municipal property tax rate multiplied by the assessable base of each Garrett County government entity located within Mountain Lake Park that the county has authority over and/or for which the county provides funding. The total value of the tax differentials for Mountain Lake Park was \$75,258. Garrett County also provided tax rebates to all its other municipalities. Oakland received a rebate of \$147,000 for road paving projects and police

protection, and the other municipalities received \$25,000 for their expenditures on town roads. The rebates for all the municipalities totaled \$297,000.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Accident	\$0.0000	\$0	\$25,000	\$25,000
Deer Park	0.0000	0	25,000	25,000
Friendsville	0.0000	0	25,000	25,000
Grantsville	0.0000	0	25,000	25,000
Kitzmilller	0.0000	0	25,000	25,000
Loch Lynn Heights	0.0000	0	25,000	25,000
Mountain Lake Park	0.0593	75,258	0	75,258
Oakland	0.0000	0	147,000	147,000
Total		\$75,258	\$297,000	\$372,258

Harford County

Harford County provided a tax differential for its three municipalities for services performed in the area of road maintenance. The estimated value of the Harford County tax rate differentials totaled \$7.4 million in fiscal 2025. The county also provided approximately \$4.2 million in tax rebates to its municipalities for police services. The tax rebates are determined by calculating the cost of operating the Criminal Patrol Division of the County Sheriff's Department funded by county property taxes and then multiplying that figure by the ratio of each municipality's assessable tax base to the countywide assessable tax base.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Aberdeen	\$0.1366	\$2,496,326	\$1,315,032	\$3,811,358
Bel Air	0.1366	2,232,286	1,231,281	3,463,567
Havre de Grace	0.1366	2,629,308	1,673,766	4,303,074
Total		\$7,357,920	\$4,220,079	\$11,577,999

Howard County

There are no incorporated municipalities in Howard County.

Kent County

Kent County did not provide tax set-offs to its municipalities in fiscal 2025.

Montgomery County

Montgomery County provided tax rebates totaling \$21.8 million to 17 municipalities and 3 special taxing districts in fiscal 2025. Barnesville and Chevy Chase, Section V, were the only municipalities that did not receive a tax rebate in fiscal 2025. Montgomery County provides reimbursement based on the county executive's approximation of costs that the county would incur if it were to provide a municipality with transportation, police, crossing guards, and park maintenance services. Payment calculations are based on the final audited costs of performing eligible services during the second prior fiscal year. This rebate methodology was adopted by the county in 2022 and phases in such that fiscal 2025 (listed below) is the first fiscal year in which the county provides the full calculated amount. In addition to these general rebates, Takoma Park receives a secondary rebate for its operation of a public free library. In fiscal 2025, the Takoma Park library rebate totaled \$184,090 (included in the amount shown below).

<u>Municipality</u>	<u>Rebate Amount</u>
Barnesville	\$0
Brookeville	17,097
Chevy Chase, Sec. III	62,474
Chevy Chase, Sec. V	0
Chevy Chase View	87,284
Chevy Chase Village	328,994
Town of Chevy Chase	267,134
Drummond*	9,755
Friendship Heights*	118,938
Gaithersburg	5,197,000
Garrett Park	132,266
Glen Echo	40,305
Kensington	297,660
Laytonsville	58,429
Martin's Additions	56,735
North Chevy Chase	53,397
Oakmont*	6,931
Poolesville	596,512
Rockville	8,815,352
Somerset	118,520
Takoma Park	5,395,030
Washington Grove	94,986
Total	\$21,754,799

* Denotes a special taxing district.

Prince George's County

In fiscal 2025, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$34.4 million and tax rebates totaling \$0.6 million. County law requires the cost for each service for each municipality identified in the prior year county budget to be assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocated to a specific service. The aggregate municipal requests for "in lieu of" service credit, as certified by the county, are translated into a dollar value. This dollar value is calculated by totaling the products of the tax rate equivalent cost of the service multiplied by each municipality's assessable base. Each of these net service values is then reduced to reflect the portion of each county service paid for by the property tax levy. The sum of the tax rate values of the duplicative services constitutes the calculated tax rate differential for each municipality. The county uses a three-year rolling average in applying the calculated tax differentials to provide stability to municipal residents' county tax rates in the event of rate changes due to county services reorganization, economic fluctuations, or other factors. The county also provides tax rebates for solid waste collection and code enforcement. The rebate is calculated based on municipal population as a share of the prior year's rebate amount with additional code enforcement amounts added as applicable.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Berwyn Heights	\$0.1230	\$477,730	\$8,232	\$485,962
Bladensburg	0.1220	695,023	22,486	717,509
Bowie	0.1300	11,011,199	151,425	11,162,624
Brentwood	0.0690	242,523	8,797	251,320
Capitol Heights	0.1100	421,520	10,723	432,243
Cheverly	0.1000	766,946	18,840	785,786
College Park	0.0390	1,538,476	89,494	1,627,970
Colmar Manor	0.0920	113,480	0	113,480
Cottage City	0.0750	100,757	0	100,757
District Heights	0.1010	468,964	20,607	489,571
Eagle Harbor	0.0010	115	0	115
Edmonston	0.0840	171,361	0	171,361
Fairmount Heights	0.0640	96,621	3,908	100,529
Forest Heights	0.0910	220,842	0	220,842
Glenarden	0.1150	759,939	16,372	776,311
Greenbelt	0.1330	3,496,423	64,597	3,561,020
Hyattsville	0.1280	3,391,215	54,265	3,445,480
Landover Hills	0.0890	211,459	5,644	217,103
Laurel	0.1450	5,925,516	77,056	6,002,572
Morningside	0.0830	103,448	0	103,448
Mount Rainier	0.1250	762,873	22,180	785,053

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
New Carrollton	0.1220	1,196,851	33,467	1,230,318
North Brentwood	0.0060	4,042	0	4,042
Riverdale Park	0.1160	1,107,516	17,336	1,124,852
Seat Pleasant	0.1200	468,609	14,944	483,553
University Park	0.1220	516,147	6,255	522,402
Upper Marlboro	0.0810	95,601	2,078	97,679
Total		\$34,365,196	\$648,706	\$35,013,902

Queen Anne's County

In fiscal 2025, two of Queen Anne's County's eight municipalities, Centreville and Millington, received tax rate differentials totaling \$880,564. Six other municipalities received tax rebates totaling \$305,884. The tax differentials are provided to compensate the municipalities for providing duplicative services including police, planning and zoning, and roads. Both the tax rate differentials and the tax rebates were calculated by determining a tax rate for each government service or function in the county and then determining, in conjunction with the municipality, what level of service they provide in lieu of county services. That level of service equates to a county rate which, along with the assessable base, is then used to calculate the amount of a tax differential. For the tax rebates, the tax rate, based on the municipal assessable base, represents the amount of rebate for that municipality.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Rebate Amount</u>	<u>Total</u>
Barclay	\$0.0000	\$0	\$20,565	\$20,565
Centreville	0.1300	879,257	0	879,257
Church Hill	0.0000	0	62,952	62,952
Millington	0.0850	1,307	0	1,307
Queen Anne	0.0000	0	5,302	5,302
Queenstown	0.0000	0	164,922	164,922
Sudlersville	0.0000	0	51,143	51,143
Templeville	0.0000	0	1,000	1,000
Total		\$880,564	\$305,884	\$1,186,448

St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$72,795 to the Town of Leonardtown in fiscal 2025 to offset taxes for duplicative services such as planning and zoning, road maintenance, and public works. The rebate is based on the total assessed value of

county-owned property within the municipality's corporate limits multiplied by an equitable tax rate on those properties.

<u>Municipality</u>	<u>Rebate Amount</u>
Leonardtown	\$72,795

Somerset County

Somerset County provided tax rebates in fiscal 2025 to Crisfield and Princess Anne in the amount of \$422,488 to help fund the cost of several paramedics used by the local ambulance companies. In Princess Anne, payments are made directly to the Princess Anne Fire Department.

<u>Municipality</u>	<u>Rebate Amount</u>
Crisfield	\$422,488
Princess Anne	422,488
Total	\$844,976

Talbot County

In fiscal 2025, Talbot County provided tax rate differentials totaling approximately \$4.1 million to its five municipalities for performing governmental services in the areas of planning and zoning, police and fire protection, building code enforcement, parks and recreation, tourism and economic development, highways and streets, and public works. The county established real property tax rate differentials based on a "county cost for parallel services" formula until fiscal 2000, when, in addition to the formula, additional annual adjustments were made. In recent years, the adjusted tax differential has been more than the tax differential calculated under the parallel services formula. The county also provides a tax rate differential for utility property located in the municipalities.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Easton	\$0.1330	\$3,145,830
Oxford	0.1180	378,581
Queen Anne	0.0601	4,709
St. Michaels	0.1270	468,607
Trappe	0.0980	132,943
Total		\$4,130,670

Washington County

For fiscal 2025, Washington County provided tax differentials to its nine municipalities for providing services such as police protection, public works, planning and zoning, parks, and road overlay. Prior to fiscal 2011, the county provided tax rebates to its municipalities for providing these services. The tax differential is determined by calculating the portion of the county property tax rate that is used to fund services throughout the entire county, including in municipalities, and the portion of the county property tax rate that is used to fund services only in areas outside of municipalities. The latter tax rate is the amount of the tax differential for the municipalities. The fiscal 2025 tax differentials totaled approximately \$6.0 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Boonsboro	\$0.125	\$487,863
Clear Spring	0.125	31,294
Funkstown	0.125	131,139
Hagerstown	0.125	4,533,336
Hancock	0.125	138,594
Keedysville	0.125	148,305
Sharpsburg	0.125	65,347
Smithsburg	0.125	303,872
Williamsport	0.125	163,072
Total		\$6,002,822

Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2025.

Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2025.

Appendix 1. Tax Differentials and Tax Rebates – Per Capita Amounts

Fiscal 2025					
<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Allegany					
Barton	457	\$9,327	\$0	\$9,327	\$20
Cumberland	18,643	1,541,752	0	1,541,752	83
Frostburg	6,972	443,295	0	443,295	64
Lonaconing	987	31,768	0	31,768	32
Luke	84	9,661	0	9,661	115
Midland	476	9,297	0	9,297	20
Westernport	1,769	40,078	0	40,078	23
Anne Arundel					
Annapolis	40,689	\$29,347,187	\$0	\$29,347,187	\$721
Highland Beach	107	10,947	0	10,947	102
Calvert					
Chesapeake Beach	6,504	\$3,358,436	\$0	\$3,358,436	\$516
North Beach	2,178	1,064,910	0	1,064,910	489
Caroline					
Denton	5,049	\$284,955	\$0	\$284,955	\$56
Federalsburg	2,871	147,921	0	147,921	52
Goldsboro	216	0	0	0	0
Greensboro	1,969	79,447	0	79,447	40
Henderson	161	0	0	0	0
Hillsboro	135	0	0	0	0
Marydel	178	0	0	0	0
Preston	688	7,793	0	7,793	11
Ridgely	1,646	71,054	0	71,054	43
Templeville*	32	0	0	0	0

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Carroll					
Hampstead*	6,288	\$0	\$340,247	\$340,247	\$54
Manchester	5,440	0	325,227	325,227	60
Mount Airy*	6,351	0	193,994	193,994	31
New Windsor	1,758	0	82,660	82,660	47
Sykesville	4,622	0	239,257	239,257	52
Taneytown	8,293	0	517,518	517,518	62
Union Bridge	946	0	71,399	71,399	75
Westminster	20,662	0	1,237,971	1,237,971	60
Cecil					
Cecilton	688	\$0	\$16,646	\$16,646	\$24
Charlestown	1,538	0	63,614	63,614	41
Chesapeake City	745	0	29,042	29,042	39
Elkton	15,977	0	426,085	426,085	27
North East	4,191	0	165,915	165,915	40
Perryville	4,510	0	205,624	205,624	46
Port Deposit	625	0	57,627	57,627	92
Rising Sun	2,777	0	69,856	69,856	25
Charles					
Indian Head	4,247	\$159,794	\$0	\$159,794	\$38
La Plata	11,374	2,471,394	0	2,471,394	217
Port Tobacco	21	0	0	0	0
Dorchester					
Brookview	46	\$0	\$450	\$450	\$10
Cambridge	13,262	780,661	0	780,661	59
Church Creek	105	0	425	425	4
East New Market	407	0	1,350	1,350	3
Eldorado	46	0	425	425	9
Galestown	115	0	700	700	6
Hurlock	2,093	118,393	0	118,393	57
Secretary	469	0	1,350	1,350	3
Vienna	275	0	1,350	1,350	5
Frederick					
Brunswick	9,015	\$0	\$1,335,113	\$1,335,113	\$148
Burkittsville	145	0	28,708	28,708	198

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Emmitsburg	2,920	0	426,542	426,542	146
Frederick City	89,537	11,923,046	0	11,923,046	133
Middletown	5,055	0	789,316	789,316	156
Mount Airy*	3,563	0	629,486	629,486	177
Myersville	1,865	207,728	0	207,728	111
New Market	1,609	0	158,437	158,437	98
Rosemont	269	0	23,092	23,092	86
Thurmont	6,308	0	997,824	997,824	158
Walkersville	6,535	0	1,028,296	1,028,296	157
Woodsboro	1,114	0	153,285	153,285	138
Garrett					
Accident	332	\$0	\$25,000	\$25,000	\$75
Deer Park	300	0	25,000	25,000	83
Friendsville	427	0	25,000	25,000	59
Grantsville	951	0	25,000	25,000	26
Kitzmiller	288	0	25,000	25,000	87
Loch Lynn Heights	483	0	25,000	25,000	52
Mountain Lake Park	2,118	75,258	0	75,258	36
Oakland	1,813	0	147,000	147,000	81
Harford					
Aberdeen	18,451	\$2,496,326	\$1,315,032	\$3,811,358	\$207
Bel Air	10,395	2,232,286	1,231,281	3,463,567	333
Havre de Grace	15,222	2,629,308	1,673,766	4,303,074	283
Kent					
Betterton	283	\$0	\$0	\$0	\$0
Chestertown	5,702	0	0	0	0
Galena	538	0	0	0	0
Millington	521	0	0	0	0
Rock Hall	1,200	0	0	0	0
Montgomery					
Barnesville	145	\$0	\$0	\$0	\$0
Brookeville	168	0	17,097	17,097	102
Chevy Chase, Sec. III	802	0	62,474	62,474	78
Chevy Chase, Sec. V	684	0	0	0	0
Chevy Chase View	1,017	0	87,284	87,284	86

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Chevy Chase Village	2,071	0	328,994	328,994	159
Chevy Chase	2,927	0	267,134	267,134	91
Drummond	-	0	9,755	9,755	0
Friendship Heights	-	0	118,938	118,938	0
Gaithersburg	70,686	0	5,197,000	5,197,000	74
Garrett Park	1,004	0	132,266	132,266	132
Glen Echo	285	0	40,305	40,305	141
Kensington	2,155	0	297,660	297,660	138
Laytonsville	586	0	58,429	58,429	100
Martin's Additions	950	0	56,735	56,735	60
North Chevy Chase	691	0	53,397	53,397	77
Oakmont	-	0	6,931	6,931	0
Poolesville	5,856	0	596,512	596,512	102
Rockville	68,417	0	8,815,352	8,815,352	129
Somerset	1,203	0	118,520	118,520	99
Takoma Park	17,856	0	5,395,030	5,395,030	302
Washington Grove	512	0	94,986	94,986	186

Prince George's

Berwyn Heights	3,325	\$477,730	\$8,232	\$485,962	\$146
Bladensburg	9,635	695,023	22,486	717,509	74
Bowie	58,421	11,011,199	151,425	11,162,624	191
Brentwood	3,795	242,523	8,797	251,320	66
Capitol Heights	4,038	421,520	10,723	432,243	107
Cheverly	6,125	766,946	18,840	785,786	128
College Park	34,667	1,538,476	89,494	1,627,970	47
Colmar Manor	1,586	113,480	0	113,480	72
Cottage City	1,322	100,757	0	100,757	76
District Heights	5,916	468,964	20,607	489,571	83
Eagle Harbor	67	115	0	115	2
Edmonston	1,609	171,361	0	171,361	107
Fairmount Heights	1,522	96,621	3,908	100,529	66
Forest Heights	2,639	220,842	0	220,842	84
Glenarden	6,394	759,939	16,372	776,311	121
Greenbelt	24,843	3,496,423	64,597	3,561,020	143
Hyattsville	21,052	3,391,215	54,265	3,445,480	164
Landover Hills	1,799	211,459	5,644	217,103	121
Laurel	30,238	5,925,516	77,056	6,002,572	199
Morningside	1,235	103,448	0	103,448	84

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Mt. Rainier	8,269	762,873	22,180	785,053	95
New Carrollton	13,645	1,196,851	33,467	1,230,318	90
North Brentwood	587	4,042	0	4,042	7
Riverdale Park	7,296	1,107,516	17,336	1,124,852	154
Seat Pleasant	4,518	468,609	14,944	483,553	107
University Park	2,431	516,147	6,255	522,402	215
Upper Marlboro	718	95,601	2,078	97,679	136
Queen Anne's					
Barclay	181	\$0	\$20,565	\$20,565	\$114
Centreville	4,771	879,257	0	879,257	184
Church Hill	831	0	62,952	62,952	76
Millington*	20	1,307	0	1,307	65
Queen Anne*	130	0	5,302	5,302	41
Queenstown	737	0	164,922	164,922	224
Sudlersville	516	0	51,143	51,143	99
Templeville*	82	0	1,000	1,000	12
St. Mary's					
Leonardtwn	5,041	\$0	\$72,795	\$72,795	\$14
Somerset					
Crisfield	2,531	\$0	\$422,488	\$422,488	\$167
Princess Anne	3,667	0	422,488	422,488	115
Talbot					
Easton	17,381	\$3,145,830	\$0	\$3,145,830	\$181
Oxford	601	378,581	0	378,581	630
Queen Anne*	62	4,709	0	4,709	76
St. Michaels	1,073	468,607	0	468,607	437
Trappe	1,472	132,943	0	132,943	90
Washington					
Boonsboro	3,850	\$487,863	\$0	\$487,863	\$127
Clear Spring	375	31,294	0	31,294	83
Funkstown	858	131,139	0	131,139	153
Hagerstown	43,909	4,533,336	0	4,533,336	103
Hancock	1,570	138,594	0	138,594	88
Keedysville	1,229	148,305	0	148,305	121

<u>Jurisdiction</u>	<u>Population</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>	<u>Total Amount</u>	<u>Per Capita Amount</u>
Sharpsburg	561	65,347	0	65,347	116
Smithsburg	3,194	303,872	0	303,872	95
Williamsport	2,102	163,072	0	163,072	78
Wicomico					
Delmar	4,748	\$0	\$0	\$0	\$0
Fruitland	5,973	0	0	0	0
Hebron	1,114	0	0	0	0
Mardela Springs	354	0	0	0	0
Pittsville	1,660	0	0	0	0
Salisbury	33,616	0	0	0	0
Sharptown	711	0	0	0	0
Willards	1,005	0	0	0	0
Worcester					
Berlin	5,349	\$0	\$0	\$0	\$0
Ocean City	6,884	0	0	0	0
Pocomoke City	4,426	0	0	0	0
Snow Hill	2,243	0	0	0	0

* Municipality is in two counties.

Source: Department of Legislative Services